

**October 9, 2006**

**City of Milton-Freewater  
City Council Minutes**

The Council of the City of Milton-Freewater met in regular session Monday, October 9, 2006 at 7:00 p.m. in the Albee Room of the Library.

The following members were present: Mayor Lewis Key, Councilors Orrin Lyon, Brad Humbert, Keith Woods, Debbie Kelley and Steve Irving. Youth Representative Shalee Potts resigned effective October 6, 2006.

Staff members present were City Manager Delphine Palmer, Assistant City Manager Linda Hall, Police Chief Mike Gallaher, Project Manager Howard Moss and Finance Director Dave Richmond.

Citizens present were Steve Dalke, Samantha Murphy, Alicia Munk, Chantelle Wesner, Katie Sherman, Kim Munk and Merle Sherman.

Press member present was Melanie Hall of the Valley Herald.

CONSENT CALENDAR ITEMS: The consent calendar items consisted of minutes from the September 25, 2006 city council meeting. Councilor Kelley motioned to adopt the consent calendar item. Councilor Humbert seconded the motion which passed unanimously.

**NEW BUSINESS**

CONSIDERATION OF CONVEYANCE OF PROPERTY LOCATED OFF LAMB

STREET. Project Manager Howard Moss stated there was a lot of history with this particular piece of property. Previously, in about 1994, an attorney reviewed this and determined there was a twenty foot wide piece of property from Lamb Street that was dedicated to the public, and a secondary strip of property could go with that at a width of twenty-five feet, for a total width of forty-five foot potential road through the property. Mr. Moss said he was personally involved in working with then developer Mike Brumbach, and the property was conveyed as public, which would have been so if the development of the property had been completed, but it didn't and the City ended up with public property. The property owners, Ken and Betty Prock, would like to settle an estate issue on this property and, through legal counsel, would like the property changed back to them.

There has been a new development that occurred recently, and it was discovered the City may want to run utilities, or some action occurring on the property, that may have an effect on maintaining the property as public ownership.

The recommendation to the Council, is to allow City Manager Delphine Palmer to, after review, sign the deed back or not depending on the City's interest in said property.

A discussion ensued regarding the property location.

Councilor Irving asked if the City would retain any easement rights. Mr. Moss said this is the question that needs reviewed. Mr. Irving asked if Ken and Betty Prock's tax burden would be affected. Mr. Moss said he did not believe so.

Mayor Key asked about how an adjacent tax lot would be affected. Mr. Moss said that currently there was a dispute between neighbors regarding fencing and equipment storage, but it wouldn't have an effect on their ownership. Mayor Key said, "So he would have a panhandle." Mr. Moss said this issue could be confusing, but Mr. Moss said the attorney has stated this is public property, but Mr. Moss said he did not believe it was at this point.

Councilor Woods asked if their action would preclude any further development and Mr. Moss said it would not. If a development were to occur, which is unlikely now knowing the property has already been split in two different areas, it would be such a small development it would not warrant the forty-five foot street. If property to the north, currently an orchard, were combined, then perhaps a street could go through there which would become part of the planning process. Mr. Moss said he did not believe that if the property were provided back to Ken and Betty Prock, that it would have any future effect on the property.

A discussion ensued regarding ownership. Assistant City Manager Linda Hall stated that the City does not actually own the property in question. What the City has is a conveyance, which is another legal term that basically holds up the title transfer, but it is different than complete ownership. What the City has been asked to do is give up the conveyance.

A discussion ensued regarding how the two adjoining properties would be split if the City gives up their conveyance. Ms. Hall stated that once the City gives up their interest in the property, the County would determine how the property lines would be drawn. Ms. Hall further stated that, through City Manager Palmer's negotiations, the City can retain whatever easements necessary for future roads or right-of-ways.

Mayor Key suggested the discussion to be tabled until further research can be done by staff. City Manager Palmer said she thought this would be good as there seems to still be some interest in the property since the new information was received just last Friday. Ms. Hall said staff has already done the research, but what staff is requesting is to be able to sit down with Ken and Betty Prock as they have retained an attorney, Sam Tucker, to help them through this process because it is so convoluted. What Ms. Palmer needs council authorization to do, is to negotiate on the Council's behalf. Ms. Hall said she was hearing throughout the discussion that the Council wanted to retain the easements for utilities and street. Ms. Palmer can negotiate for this and if she is unsuccessful at obtaining that, then she can bring it back to council. Mr. Moss said, for clarification, an easement is not acceptable for a street.

It was the consensus of the Council to table the discussion.

GIRL SCOUT LEADER KIM MUNK ATTENDED WITH HER TROOP TO INTRODUCE AN IDEA TO THE COUNCIL. Girl Scout Leader Kim Munk introduced her troop to the Council: Samantha Murphy, Alicia Munk, Chantelle Wesner and Katie

Sherman. Samantha Murphy addressed the Council saying the troop had decided to clean up the bathrooms at Yantis Park, add some things to the walls and paint some frogs and help support a frog statue at the park, one that points to the girls and boys restrooms. Kim Munk explained that the troop was seeking permission to pursue their idea by working with city staff. Councilor Humbert said that as long as their ideas and work is under the City's park department, this would be good. Ms. Palmer said staff would help in any way. Ms. Palmer further said that if the troop members come in and visit with her, she would coordinate their project.

Councilor Woods motioned to have the Girl Scout Troop meet with City Manager Delphine Palmer to pursue their ideas for Yantis Park. Councilor Kelley seconded the motion which passed unanimously.

BID AWARD-SENIOR AND DISABLED TAXI SERVICE. Assistant City Manager Linda Hall stated the City had been supplying transportation to seniors and disabled citizens since April of 1971 without any break in service. The service which is affectionately known as the Senior and Disabled Taxi Service is used quite heavily by literally hundreds of patrons each year. Staff goes out to bid on the contract between three and five years. The current provider is GNAT Enterprises Inc. operated by Steve Dalke, Owner who is in attendance along with his primary driver, Kim Williamson. The current contract terminates October 31, 2006, so city staff sought proposals and three were received. Ms. Hall summarized the proposals. The first, from the current provider Steve Dalke of GNAT Enterprises. City staff has received very few complaints with the service and patrons are apparently attached to the current driver. Their service is good and the car used for the service is comfortable for the patrons to ride in; however, their bid was the highest submitted at \$5,000/monthly for the current schedule, which is Monday through Saturday, 8am to 4pm. Their bid also gave an optional extension of hours from 8am to 5pm, Monday through Saturday, at \$5,500 monthly.

The second bid was from Calvin and Jill Johnston. They previously run the City's bus program for a year, but have not operated the taxi service. Their bid was for Monday through Saturday, 8am to 4pm at a cost of \$4,500/monthly.

The last bid was from G.G. Taxi. This business has been operating a private taxi service in the City for more than a year. He was a former employee of GNAT Enterprises, Inc. and is familiar with the services from a driver's standpoint. He proposes to use reliable, comfortable vehicles for the patrons and proposes the hours of service for seniors and disabled to be Monday through Saturday, 8am to 5pm, which is one hour longer than the current schedule and his bid was for \$4,000/monthly.

For comparison, the current contract is for \$4,300/monthly. Staff recommendation after reviewing the three bids and because the service is supported entirely through patron payments, grants and the City's local option tax which the voters of Milton-Freewater approved in 2004, which the funding is carefully spent, Ms. Hall said she felt there was no other alternative than to try the low bidder, which would save the City \$12,000/annually. Dollars were not the only factor in this bid as it includes an additional hour for the daily service, which there have been several comments in this favor. Because the City has not worked with this vendor before, and it is an important service to the City's citizens, staff

requests that if council does award the contract to the low bidder, that they be subject to a satisfactory background and criminal history check, satisfaction of all insurance and licensing requirements as well as local, state and federal mandated requirements, which would be asked of any vendor.

Councilor Woods asked if this were a one-year contract with a two-year option. Ms. Hall said yes, which is typical of a new vendor.

Steve Dalke, Owner of GNAT Enterprises, Incorporated, reported to the Council some history, stating he had served the City for the last four years with the taxi service, and about six months with the bus service. Mr. Dalke said he had purchased GNAT Enterprises, Inc. from Nate Anglin along with his brightly colored bus. He further said there were several other business interests he had purchased recently. Mr. Dalke stated that his primary taxi driver, Ms. Williamson, was excellent and only received maybe two complaints annually, which in any business is an excellent standard. If there are problems, GNAT Enterprises is a local business, and the problem can be taken care of quickly. Mr. Dalke then discussed the contract requirements stating they were the same as his corporate transportation requirements. In four years, Mr. Dalke said his drivers had not had a traffic violation nor any accidents. Mr. Dalke reported he had contracts with the State of Oregon, Evergreen Retirement and City of Milton-Freewater. Mr. Dalke stated that he also has an accountant to take care of his financials, payroll and worker's compensation, which according to last year's audit, came through with flying colors. Mr. Dalke stated that the State of Oregon and Evergreen Retirement both believe in GNAT Enterprises, and the City of Milton-Freewater has been happy with the service for four years.

The price of fuel has gone up at least \$1 in the last four years, and the price of insurance for \$1 million dollar liability and the City's requirement for two vehicles and having to go through a private insurance broker to even obtain this coverage, costs are \$3,500 annually per vehicle. Mr. Dalke also reported that since his company acquired the bus service six months ago, bus patrons have increased from around 30 monthly patrons to a consistent 200 patrons. Taxi patrons increase from around 500 monthly to around 750 monthly. Mr. Dalke stated he is concerned that the new provider is not aware of the true cost of operation.

Councilor Woods asked if staff would ensure that the new provider would have the licensing and insurances mentioned. Ms. Hall stated the items mentioned by Mr. Dalke are required under the City's contract and the contract cannot be changed because it is based on federal public transit requirements and the City's grants are dependent upon the compliance of all requirements. The drug and alcohol testing, the insurance, the back-up vehicles, will still stand and any provider would have to provide proof of these requirements and at any such time there is a lapse in any requirements, the contract is void.

A discussion ensued.

German Graves, G.G. Taxi Service, stated he had worked for Mr. Dalke previously and knew of the taxi business; that he had worked with local citizens and during late hours, the City's police department used his services as well.

A discussion ensued.

Councilor Irving motioned to award senior and disabled taxi service contract to the low bidder, G.G. Taxi, in the amount of \$4,000 per month, subject to satisfactory background and criminal history check, satisfaction of all insurance and licensing requirements as well as all other local, state, and federal mandated requirements. Also to stipulate a one-year contract with option for a two-year renewal. Councilor Humbert seconded the motion, which passed unanimously.

#### CONSIDERATION UTILITY RATE SURCHARGE FOR INFRASTRUCTURE

IMPROVEMENT RESERVE. Assistant City Manager Linda Hall stated that at a council work session, the Council directed staff to research a surcharge for an infrastructure reserve fund. This has been a long-standing commitment and goal for the current Council to take proactive rather than reactive steps to ensure the maintenance and improvement of our City's utility infrastructure. Finance Director Dave Richmond worked with Ms. Hall on the research as a team along with the City Attorney Doug Hojem. To summarize the research, the City is able to initiate such a fee. There are a few legal issues the City would have to comply with, but nothing not to see the rate through. Some issues Council would need to discuss and give direction, are the generation of approximately \$264,000 annually to be dedicated to a reserve fund. This is on the basis of placing this fee on all utility bills: electric, water, sewer, etc. Councilor Lyon called last Friday and asked if this would be per utility or per bill. For clarification, Ms. Hall stated this would be per bill and not per utility. The \$4,400 generated per month also includes the electric utility. If electric customers were eliminated, the amount would be substantially less than if electric customers were eliminated that lay outside the city limits. Staff is also recommending, because of recent rate increases and trying to be sensitive to the City's customers and many fixed budgets, to propose that the rate increase not be implemented until July 1, 2007 to give staff time to set up fees on the billing system and arrange for the accounting, and also time for the pre-advertising that the law requires.

Councilor Woods asked how this funding would be different than the existing service availability fee. Finance Director Dave Richmond stated that the main difference is the proposed surcharge would be set up in a separate account. The Council would direct staff which infrastructure the funds would be spent on. Councilor Woods also asked for legal clarification regarding the surcharge on all accounts, even those outside the city limits. Ms. Hall reported that City Attorney Doug Hojem did say outside accounts could be charged. Mayor Key said that if the fees were used for the electric utility infrastructure, the work could be done outside the city limits. Councilor Woods asked if the service availability fee was only electric. Mr. Richmond stated no, that this fee has been itemized the same as the recycling fee; that the fee has always been within the billing system for years, but has nothing to do with the proposed surcharge. Councilor Kelley asked how the projects would be decided, whether during the budget process or as needed. Councilor Kelley said she knew the City was currently replacing water and sewer pipes, so assume it would depend on the project of the budget year that is coming up, not dedicated equally. Mr. Richmond said no, that Council would decide. Ms. Hall said that the Council has work sessions early in the budget process where projects are prioritized and staff can then focus upon Council's direction. Councilor Humbert said this fund would not be a slush fund for every department to dip into annually, that these funds may not be spent for

several years. These funds could also allow the City to be eligible for large grants and used as matching funds. Ms. Hall concurred. Councilor Woods asked if utility patrons outside the city limits could have a differential fee the same as other fees are charged. He suggested as an example \$10.00 for utility patrons outside the city limits and \$5.00 for inside. Mr. Richmond said this could not be done. Councilor Woods asked what other costs would be associated with implementing the proposed surcharge. Ms. Hall said this would generate such a large sum of money, a supplemental budget would be required which means re-advertising the entire budget, reconvening the budget committee and the required public hearing process, and the fees incurred could be approximately \$700 to \$1,000 for advertising. Councilor Woods said he felt \$1,000 for \$250,000 would be good management. Ms. Hall said she did not think it was good business to introduce a large budget change on citizens mid budget year.

After further discussion, Councilor Kelley moved to move forward with establishing a \$5.00 utility infrastructure fee per each utility bill, with an effective date of July 1, 2007 and to direct staff to perform the work necessary to establish the appropriate reserve fund to account for such a purpose. Councilor Humbert seconded the motion which passed unanimously.

AUTHORIZATION OF SPONSORSHIP OF COMMUNITY DEVELOPMENT BLOCK GRANT APPLICATION. Assistant City Manager Linda Hall reported that the City Manager and she had been approached by Horizon Project, Inc. CEO Rick Currin with a request to sponsor a C.D.B.G. grant application for developing a revolving economic development loan fund for our community. Ms. Hall explained that there were several types of community development block grant funds, each “pot of money” dedicated to a specific purpose. The City has participated in many C.D.B.G. types of grants over the years, ranging from public works improvement grants to facility building grants. In fact, they have partnered with Horizon in the past for sponsorship of these types of grants. This particular type of grant the City has not participated with; however, the program would be an excellent one for economic development in our community. The grant would work like this---The City would sponsor the grant, which means they would guarantee the application was correct, that quarterly draw downs on the funds were done in a timely and proper manner, and would serve as the “pass through” agency for receipt of the funds. The process is very complex, and there are many steps involved, but staff believes this would be a worthwhile partnership in order to bring as much as \$750,000 in loans to local businesses to retain or create jobs in our community. The loans would have to be based upon the creation of jobs or they would not qualify. Also, any loss of loan monies from default on payments of the loans would be absorbed by Horizon.

Councilor Woods asked if this would involve a lot of staff time in order to sponsor the grant.

City Manager Palmer replied some, but not an overwhelming amount.

Councilor Kelley asked if this could be paid for from the grant. City Manager Palmer replied that it probably would not qualify for subsidy.

Councilor Lyon stated he would like to see a City staff member appointed to establish the criteria for eligibility of the loans and also a city staff member on the committee overseeing the granting of the loans.

Ms. Hall stated this could be arranged.

Councilor Lyon stated he felt this was important.

After further discussion, Councilor Kelley moved to authorize the City's sponsorship of an economic development revolving loan Community Development Block Grant application, with the understanding that if the loan is awarded, a city staff member be involved in setting the criteria for loan eligibility and also a city staff member be appointed to the committee overseeing the loan distribution process, and that Horizon reimburse the city for all costs of the application and grant program, including any costs for special audits which may be required. Councilor Irving seconded and the motion passed unanimously.

**Mayor Key announced this was the opportunity for citizens to approach the council with issues not on this agenda.**

None approached.

## **MANAGER'S REPORT**

Ms. Palmer reported that the staff had participated in an all day mandatory training on Incident Command System issues and necessary steps as part of our Homeland Security program. She reported it was a very good training, but quite detailed.

She further reported that preparations for "Make A Difference Day" were in full swing and she and other staff members were going to be very busy with this work during the next three weeks.

## **COUNCIL ANNOUNCEMENTS**

Councilor Lyon thanked staff and council members for their prayers and well wishes during his recent recovery from surgery.

Councilor Humbert thanked the council and staff for coming to his wedding and the wonderful card he and his new bride Jaime enjoyed.

Councilor Kelley stated she would like the City Council to schedule a work session for this month.

Dates and availability were discussed among Council and staff.

It was the consensus of the Council to host a work session at 3:00 p.m. on Monday November 13<sup>th</sup>. This will precede the regular business meeting of the Council which will still be hosted at 7:00 p.m. on that same date.

Councilor Kelley announced the latest schedule for the School Bond election committee and asked everyone to please participate.

Mayor Key announced that the League conference had been very useful and enjoyable this year.

Councilor Irving stated that he had several issues, but due to the late hour, he would address them at another time.

There being no further business, the meeting was adjourned at 8:40 p.m.

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Lewis S. Key, Mayor